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RESERVE

Volume 9

MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
September 1964

Number 2

Released Pursuant to §1090.27(j) and §1090.85, USDA-AMS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY SEPTEMBER 1964

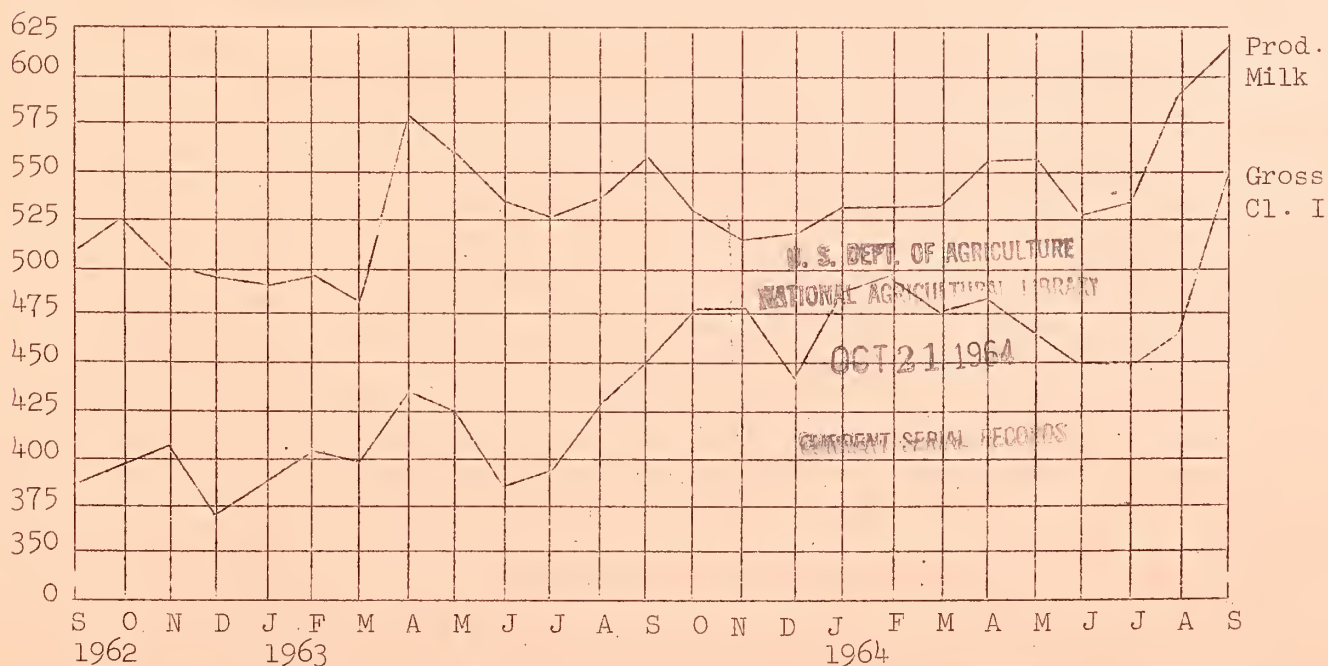
The MINIMUM uniform producer price is \$4.60 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.6 cents for each one-tenth of one percent above or below 3.5%.

During September, 88.3% of the total producer milk was priced in Class I at \$4.80 per cwt. with a butterfat differential of 7.7 cents and 11.7% in Class II at \$3.26 per cwt. with a butterfat differential of 7.1 cents. The daily average use of Class I milk increased 18.2% compared with August 1964 and increased 22.3% compared with September 1963.

Daily average delivery of milk from producers was 618,770 pounds in September 1964, an increase of 27,544 pounds per day compared with August 1964 and an increase of 59,106 pounds compared with September 1963. Percentage-wise, September deliveries increased 4.7% and 10.6% compared with August 1964 and September 1963 respectively. The daily average farm delivery was 906 pounds compared with 806 pounds per farm for September 1963. This shows an increase of 100 pounds (11.6 gallons) per farm per day.

MILK SAMPLES TESTED - Producer Fresh Samples 5,335 - Handler Finished Products 225. During September an average of 7.8 samples per producer was used to determine butterfat content and pay test. Other samples were used to determine water, bacteria, antibiotics, etc. by the plants and various agencies.

DAILY AVERAGE PRODUCER RECEIPTS COMPARED TO GROSS CLASS I UTILIZATION
(1,000 pounds per day)



COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% Sept. '64 Over Sept. '63	Sept. 1964	Aug. 1964	Sept. 1963
Number of Plants (Pool and Non-Pool)		13	13	14
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Total Producer Milk	+ 10.6	618,770	591,226	559,664
Other Source	- 5.4	18,983	22,138	20,061
Other Order	+ 19.4	16,441	21,958	13,765
Total Milk Receipts	+ 10.2	654,194	635,322	593,490
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	+ 11.2	409,971	371,261	368,554
Fluid Skim	+ 12.5	23,238	21,453	20,663
Buttermilk	+ 0.5	43,913	43,466	43,694
Flavored Milk and Drink	+ 8.2	14,311	14,251	13,231
Fluid Cream (Sweet and Sour)	+ 4.8	2,591	2,648	2,472
Transfers to Non-Pool Plants		54,154	12,134	1,809
Other (Shrinkage, Inventory, etc.)		2,901	1,074	166
Total Class I Milk	+ 22.3	551,079	466,287	450,589
Class II Uses:				
Ice Cream Mixes	+ 16.1	43,508	50,201	37,461
Cottage Cheese	+ 6.2	21,810	20,586	20,534
Powdered and Condensed Milk	- 58.2	18,818	62,999	45,019
Livestock Feed & Skim Dumped	- 11.5	5,170	5,536	5,842
Transfers to Non-Pool Plants		6,408	9,662	9,685
Shrinkage Class II		9,859	9,272	9,084
Other (Butter, Inventory, etc.)		(2,458)	10,779	15,276
Total Class II Milk	- 27.8	103,115	169,035	142,901
Total Class I Pounds in Area	+ 8.1	299,708	278,157	277,318
Total Class I Pounds Outside Area	+ 45.1	251,371	188,130	173,271
Gross Class I Butterfat Pounds	+ 25.9	19,932	16,560	15,834
Gross Class II Butterfat Pounds	- 25.7	5,422	7,705	7,298
Total Butterfat Pounds	+ 9.6	25,354	24,265	23,132
% Producer Milk of Gross Class I		112.3	126.8	124.2
% Producer Milk priced in Class I		88.3	78.0	79.5

OCTOBER 1964 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	Oct. '64	Sept. '64	Oct. '63
Basic Formula	\$3.24	\$3.15	\$3.12
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	(0.12)	(0.10)	(0.24)
Class I Price, 3.5% Butterfat	\$4.87	\$4.80	\$4.63
Per \$ 1090.51(a)			

Supply-Demand Comparison: 1st and 2nd preceding months: August and September
Supply: Lbs. Producer Milk (Aug. 18,328,019 and Sept. 18,563,104) 36,891,123
Demand: Lbs. Net Class I Milk (Aug. 14,342,280 and Sept. 16,426,930) 30,769,210
Utilization Percentage: Producer milk divided by Class I 120
Standard Utilization Percentage: Range 110-114 114
Net Deviation Percentage: Utilization minus Standard Utilization plus 6
Supply-Demand Adjustment: 2 cents x 6 percentage points minus \$0.12

Since the supply in relation to the demand is more than the desired standard, the price is decreased 12 cents per hundredweight (2 cents x 6 percentage points).

COMPUTATION OF PRODUCER UNIFORM PRICE TO BE USED FOR PAYMENT
OF PRODUCER MILK AND OTHER SOURCE RECEIPTS PRORATED TO CLASS I

SEPTEMBER 1964	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Value
Gross Class I		16,532,361	3.617		
Less Other Source		148,985	2.204		
Producer Milk Class I	88.3	16,383,376	3.629661	\$4.899839	\$802,759.05
Gross Class II		3,093,448	5.258		
Less Other Source		913,720	1.856		
Producer Milk Class II	11.7	2,179,728	6.684733	5.521160	120,346.27
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	18,563,104			923,105.32
Add Fractional Adjustment					.05
Add Value of Overage					81.11
Add Value of Inventory Reclassified					27.65
Add Value of Other Source Receipts					
Prorated to Class I and Location Adj.		42,039	2.083779	3.709510	1,559.44
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					8,465.52
TOTAL VALUE AT TEST		18,605,143	3.984092	5.016028	933,239.09
Less Test over 3.5% @ 7.6¢ per point		18,605,143	.484092	0.367910	68,450.18
TOTAL VALUE AT 3.5%		18,605,143	3.5	4.648118	864,788.91
Less Producer-Settlement Fund Reserve		18,605,143		.048118	8,952.42
PRODUCER UNIFORM PRICE f.o.b. POOL PLANTS		18,605,143	3.5	\$4.60	\$855,836.49

SEPTEMBER 1964 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.6¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$4.22	3.75	\$4.79	4.5	\$5.36	5.25	\$5.93
3.05	4.258	3.8	4.828	4.55	5.398	5.3	5.968
3.1	4.296	3.85	4.866	4.6	5.436	5.35	6.006
3.15	4.334	3.9	4.904	4.65	5.474	5.4	6.044
3.2	4.372	3.95	4.942	4.7	5.512	5.45	6.082
3.25	4.41	4.0	4.98	4.75	5.55	5.5	6.12
3.3	4.448	4.05	5.018	4.8	5.588	5.55	6.158
3.35	4.486	4.1	5.056	4.85	5.626	5.6	6.196
3.4	4.524	4.15	5.094	4.9	5.664	5.65	6.234
3.45	4.562	4.2	5.132	4.95	5.702	5.7	6.272
3.5	4.60	4.25	5.17	5.0	5.74	5.75	6.31
3.55	4.638	4.3	5.208	5.05	5.778	5.8	6.348
3.6	4.676	4.35	5.246	5.1	5.816	5.85	6.386
3.65	4.714	4.4	5.284	5.15	5.854	5.9	6.424
3.7	4.752	4.45	5.322	5.2	5.892	5.95	6.462

PRODUCER MILK BASES

Producers supplying milk to handlers regulated by the Chattanooga Order began forming new bases September 1, 1964. The BASE-FORMING PERIOD IS SEPTEMBER 1964 THROUGH JANUARY 1965. According to the base rules of the Chattanooga Order, each producer delivering milk during the base-forming period will have a base computed as follows: Divide the total deliveries made by each producer during the base-forming period (September 1964 through January 1965) by the number of DAYS FOR WHICH DELIVERY IS MADE, OR BY 120, WHICHEVER IS GREATER. Bases will be used during the 1965 base-operating period of March through July 1965. Producers, especially partners, should take precaution to see if their name is that in which they wish the base to be recorded. Failure to do this may result in unnecessary confusion and producers not receiving their full base credit.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Sept. '63	\$4.30	-	-	7.4¢	\$4.61	7.5¢	\$3.20	6.9¢
Oct.	4.42	-	-	7.6	4.63	7.8	3.15	6.7
Nov.	4.69	-	-	7.4	4.88	7.6	3.13	6.7
Dec.	4.62	-	-	7.4	4.97	7.6	3.12	6.7
Jan. '64	4.77	-	-	7.2	4.97	7.5	3.12	6.7
Feb.	4.78	-	-	7.4	4.98	7.5	2.82	6.7
Mar.	4.77 ^{2/}	\$4.92	\$2.71	7.4	5.07	7.5	2.75	6.7
Apr.	4.72 ^{2/}	4.97	2.65	7.4	5.08	7.5	2.69	6.7
May	4.63 ^{2/}	4.89	2.62	7.2	5.07	7.5	2.66	6.7
June	4.78 ^{2/}	5.00	2.62	7.4	5.19	7.5	2.66	6.7
July	4.72 ^{2/}	4.99	2.62	7.4	5.16	7.5	2.66	6.7
Aug.	4.51	-	-	7.2	5.05	7.5	2.66	6.8
Sept.	4.60	-	-	7.6	4.80	7.7	3.26	7.1
Oct.	-	-	-	-	4.87	8.0	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA
	4 Tenn.	Butter	4 Tenn.	Chi.92°	Chi.Area	Minn.-Wisc.
	Milk Mfg.	Powder	Milk Mfg.	Butter	Powders	Mfg.Grade Milk
			\$-cwt-4%	¢ Lb.	¢ Lb.	\$-cwt-3.5%
Sept. '63	2.66	3.20	3.000	59.70	14.18	3.12
Oct.	2.73	3.15	3.070	58.48	14.18	3.15
Nov.	2.80	3.13	3.138	58.09	14.26	3.16
Dec.	2.82	3.12	3.150	58.01	14.28	3.16
Jan. '64	2.82	3.12	3.150	57.97	14.30	3.17
Feb.	2.82	3.12	3.150	57.97	14.24	3.16
Mar.	2.75	3.12	3.081	57.97	14.25	3.15
Apr.	2.69	3.12	3.025	57.97	14.19	3.12
May	2.66	3.12	3.000	57.97	14.22	3.12
June	2.66	3.12	3.000	57.97	14.24	3.11
July	2.66	3.12	3.000	58.00	14.23	3.12
Aug.	2.66	3.19	3.000	59.51	14.30	3.15
Sept.	2.72	3.26	3.075	61.32	14.30	3.24

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA 3/				Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
Sept. '63	14	593,494	450,863	445,015	559,667	-	694	806	-	-	4.02
Oct.	14	557,444	477,892	471,754	531,484	-	689	771	-	-	4.20
Nov.	14	541,145	477,597	472,618	517,129	-	684	756	-	-	4.29
Dec.	14	554,904	443,411	438,851	519,303	-	683	760	-	-	4.42
Jan. '64	13	568,237	487,184	482,468	532,316	-	683	779	-	-	4.32
Feb.	13	575,767	497,493	491,469	533,555	-	683	781	-	-	4.24
Mar.	13	578,062	476,604	472,818	533,163	498,683	678	786	736	50	4.15
Apr.	13	611,855	486,373	482,479	556,140	499,659	658	845	759	86	4.04
May	13	624,622	466,407	462,735	558,544	497,039	654	854	760	94	3.95
June	13	584,475	452,425	449,604	530,134	482,265	655	809	736	73	3.91
July	13	575,475	450,675	446,512	536,759	476,599	655	819	728	91	3.91
Aug.	13	635,322	466,287	461,263	591,226	-	685	863	-	-	3.94
Sept.	13	654,194	551,079	546,113	618,770	-	683	906	-	-	3.99

^{1/} Excludes Premiums^{2/} For Statistics^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I